Exhibit 17

U.S. Securities and Exchange Commission

Oral Statement of
Chairman Arthur Levitt

Before the Senate Permanent Subcommittee on Investigations, Committee on Governmental Affairs, Concerning Day Trading

September 16, 1999

Chairman Collins, Senator Levin, and Members of the Subcommittee:

Thank you for the opportunity to be here this morning to discuss day trading and its effects on the nation's securities markets. This hearing couldn't be more timely. It seems almost every day we hear one story or another about day trading. As we speak, the Commission is conducting examinations of day trading firms. I'll have more to say about these exams in a moment.

But, let me begin by stating the obvious. Technological developments are revolutionizing our capital markets – from how people invest to how brokers do business to how markets function. Today's individual investor, for example, has ready access to market data, and in some cases markets, that up until a few years ago was available only to securities professionals.

One of the by-products of this revolution has been the emergence of the day trader. Through the use of sophisticated computer software, day traders sit in front of computer screens and look for nothing more than real time price movements. What it is that they are buying or selling is of no concern to them. The coin of the realm for the day trader does not extend beyond volatility. If you sense a stock will rise, buy. If you sense it will fall, sell.

This is the strategy of day trading. It is neither illegal nor is it unethical. But it is highly risky. In recent months, I've been asked more than once why the SEC cares whether a day trader loses his or her money; it's their life and it's their choice.

But that's not the issue. I am concerned that some day traders don't fully understand the level of risk they are assuming. I am concerned that some people may be lured into the false belief that day trading is a surefire strategy to make them rich. And, when individuals are swayed by misleading advertising, the Commission has a duty to act.

That's why we should be focusing on the advertising and marketing practices of many day trading firms. It is in this area that I believe the Commission's partnership with the states is most crucial. A number of states have been leaders in addressing this issue, not only as a matter of securities law, but as a matter of consumer protection.

The NASD also has proposed rules that are designed to address the sales practices of day trading firms. This proposal would require these firms to disclose up front the risks associated with this activity, and to screen potential day traders to determine suitability.

Eliminating deceptive marketing and advertising practices is a big part of the solution. Another is how day trading firms comply with the law. The

Commission is in the process of completing an examination sweep of day trading firms. Our preliminary findings indicate that many of these firms have extremely lax compliance practices. The inability of some firms to monitor their adherence with capital, margin, and the short sale rule, or to maintain adequate books and records raises serious concerns. These rules, in many ways, go right to the heart of the integrity of our markets and market participants. The Commission will vigorously pursue any violations of law, and has a number of enforcement investigations underway.

The use of margin, in particular, has raised a number of issues. We have found that many day traders do not fully appreciate that by borrowing to buy securities, they can actually lose substantially more than their initial investment. So when day trading firms aggressively promote the lending of equity between day traders to cover margin deficiencies, I find it troubling. We are reviewing this practice to ensure that firms are following the law and that they fully disclose to customers the risks of trading on margin.

Now, the SEC can regulate and the Congress can legislate all we want. But, if an individual does not take the personal responsibility to be informed of the risks involved in day trading, no rule or law will fully protect him or her. I do not intend to minimize, in any way, the responsibility of the firm to fully disclose the risks involved, but day traders need to take the time to consider what they are getting themselves into.

The SEC will do everything it can to ensure that day trading firms are operating within the boundaries of the law. But, I sincerely hope that individuals considering this type of strategy do their homework before risking their hard-earned money.

Thank you very much.

Read the Chairman's complete written testimony on this issue.

http://www.sec.gov/news/testimony/testarchive/1999/tsty2099.htm

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